



STATE OF LOUISIANA
INVITATION FOR BID

PROPOSAL NO.: EXL-07

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PROPOSAL MUST BE RECEIVED NO LATER THAN

TIME: 10:00 A.M.

DATE: June 11, 2002

FOR INFORMATION CONTACT: Melissa Harris

PHONE NUMBER: (225) 342-8416

This document constitutes an invitation to submit sealed bids, including prices, from qualified individuals and organizations to furnish those services and/or items described herein.

Proposals **must** be mailed to the Office of the Governor, Division of Administration (DOA), Office of Risk Management or hand carried to its offices at 626 North Fourth Street, 4th Floor, P. O. Box 94095, Baton Rouge, Louisiana 70804-9095.

STATE OF LOUISIANA – ALL STATE DEPARTMENTS, AGENCIES, BOARDS AND COMMISSIONS

FOR:

Excess Commercial General Liability (including Excess Boiler and Machinery Liability); Excess Automobile Bodily Injury/Property Damage Liability; Excess Road and Bridge Hazard Liability; and Excess Personal Injury and Advertising Liability Coverages for State of Louisiana, All State Departments, Agencies, Boards, Commissions, and any other State entity which may be created in the future by Statutory Laws.

CONTRACT PERIOD:

Policy to be effective for the period of 12:01 A.M. **July 1, 2002** to 12:01 A.M. **July 1, 2003** with two (2) one-year options to renew at the same rates. Bids will be received up to **10:00 A.M., June 11, 2002** by the Administrative Section of the Office of the Governor, Division of Administration, Office of Risk Management, 626 North Fourth Street, 4th Floor, Baton Rouge, Louisiana. At the same hour of the same day and date bids will be publicly opened and read in the conference room at the Division of Administration, Office of Risk Management address. Bids received after this time will be returned to the bidder/contractor unopened.

BIDDER/CONTRACTOR INFORMATION/SIGNATURE:

The bidder hereby agrees to provide the insurance coverage and related services, at the prices quoted, pursuant to the requirements of this document and further agrees that when this document is countersigned by an authorized official of the State of Louisiana, a binding contract, as defined herein, **shall** exist between the bidder and the State of Louisiana.

Insurance Agency Name

Signature of Designated Authorized Insurance Agency Representative

Print Name

Title

Mailing Address (Bidding Agency)

Telephone

City

State

Zip Code

THE FOLLOWING SECTION IS FOR STATE OF LOUISIANA USE ONLY

NOTICE OF AWARD

PROPOSAL NUMBER:➔

EXL-07

This proposal is accepted by the State of Louisiana as follows:

STATE RISK UNDERWRITING SUPERVISOR

STATE RISK DIRECTOR

DATE

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**STATE OF LOUISIANA
OFFICE OF RISK MANAGEMENT (ORM)**

PART I

TERMS AND CONDITIONS OF AN INVITATION FOR BID

1. Terminology of an Invitation for Bid (IFB)

Throughout this document the words "bidder", "contractor", and "policy" may pertain to one or more bidder(s), contractor(s), or policy(ies).

Whenever the following words and expressions appear in an Invitation for Bid document or any amendment, exhibit, or attachment thereto, the definition or meaning described below **shall** apply.

- 1.1 Authorized** - Is an admitted or non-admitted insurance company approved by the Commissioner of Insurance to do business in the State of Louisiana.
- 1.2 Bid Close Date and Time and Similar Expressions** - The exact deadline required by the IFB for the physical receipt of bids by the Division of Administration (DOA), Office of Risk Management in its office.
- 1.3 Bidder** - The person or organization that responds to an IFB with a proposal and prices to provide the service, supplies, or equipment as required in the IFB document. **All provisions contained in this solicitation, which are addressed to the bidder, shall apply equally to the contractor.**
- 1.4 Budget Agency or State Budget Agency** - Any unit of state government in the State of Louisiana for which the policy of insurance and service is being purchased by the OFFICE OF RISK MANAGEMENT sometimes hereinafter referred to as ORM.
- 1.5 Buyer** - The procurement staff member of ORM.
- 1.6 Contractor** - The person or organization who enters into a legally binding contract thereby agreeing to perform a service and/or to furnish supplies or equipment in return for the payment of money and includes the bidding agent or agency and the insuring company whose names appear on the cover sheet and EXHIBIT II of the invitation for bid. **All provisions contained in this solicitation, which are addressed to the contractor, shall apply to the bidder.**
- 1.7 Guaranteed Cost** - Premium charged on a prospective basis, fixed or adjustable, or on a specified rating basis, but never on the basis of loss experience. In other words, the cost is guaranteed to the extent that it will not be adjusted based on the loss experience of the insured during the period of coverage. The rate(s) **must** remain fixed during the contract period.
- 1.8 Invitation for Bid or IFB** - Those procurement documents issued by ORM to potential bidders/contractors for the purchase of insurance coverage and related service as described in the document. The definition includes all attachments, exhibits, schedules, supplemental pages, and/or amendments thereto.
- 1.9 Manuscript Endorsement** - Any unprinted, typed endorsement changing any conditions, agreements, exclusions or warranties of the contract.
- 1.10 Must and Shall** - When these words are used the performance of a certain act is a mandatory condition and **shall** be performed exactly as described.
- 1.11 Designated Authorized Representative** - When used in regards to the insurance company or an incorporated insurance agency, these words mean an elected corporate officer with power of attorney for the insurance company/agency. The requirements of power of attorney are

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specified in PART IV, Section 3 of these specifications. When used in regards to an unincorporated insurance agency, these words mean the owner of the agency.

2. Open Competition

It is the intent and purpose of ORM that the Invitation for Bid permits free and open competition. However, it **shall** be the bidder's/contractor's responsibility to advise ORM if any language, requirements, etc., or any combination thereof, inadvertently restricts or limits the requirements to a single source or otherwise unduly or unnecessarily prohibits the submission of a bid. The notification **must** be received by ORM within ten (10) calendar days prior to the bid close date and time. Bidders are requested to bring to the attention of ORM any perceived problems with these specifications at the earliest possible opportunity in order to allow clarification or amendment with minimum disruption to the bid process.

3. The Invitation for Bid Document (IFB)

3.1 The IFB contains two basic types of requirements and information, although it may be organized into several parts. One type consists of the scope of work (technical requirements) and related contractual commitments with which the bidder/contractor **must** comply if awarded a contract. The other type consists of those basic instructions and procedural requirements which **must** be observed and satisfied by the bidder/contractor when submitting a bid for consideration.

3.2 The IFB or a Notice to Bidders is mailed to persons and organizations at the address currently on file with the DOA, Purchasing Section. If any portion of the address is incorrect, the bidder/contractor **must** notify the buyer upon receipt of the document. Any subsequent amendment to an IFB will be mailed to the same address as the original IFB unless otherwise notified.

4. Amendments to an Invitation for Bid

4.1 ORM reserves the right to officially modify (or cancel) an IFB after issuance. Such a modification shall be identified as an amendment and numbered in a sequential order as issued.

4.2 If bidder/contractor has not received all amendments which have been issued by ORM, it is the bidder's/contractor's responsibility to contact ORM to obtain a copy(ies) of the amendments. If the designated authorized representative of the insurance agency fails to acknowledge receipt of all amendment(s) by signing the amendment(s) in the designated area and returning same with bid response, the bidder's/contractor's submission will not be considered a responsive bid.

4.3 The designated authorized representative of the insurance agency may acknowledge the acceptance of the conditions of an amendment by telegraphic notice or electronic mail services if issued to and physically received in the Office of Risk Management - Administrative Section no later than the official bid close date and time. Verbal messages from either a telegraph company or the bidder/contractor shall not be permitted or considered as an acceptance of an amendment.

5. Questions by Bidders

5.1 Any questions related to an IFB **must** be directed to the buyer in ORM whose name appears at the top of the form on page 1. Prior to the award of the IFB, the bidder/contractor **shall** not contact nor ask questions of the State agency for which the required insurance is being procured, unless so stated elsewhere in these specifications. **Questions shall be submitted in writing and will be answered in writing in the form of an amendment and forwarded to all vendors who were mailed an IFB.** Any correspondence related to an IFB should refer to the appropriate IFB number, page and paragraph number, etc. However, do not place the IFB number on the outside of the envelope containing questions since such an envelope will be identified as a sealed bid and will not be opened until after the official bid close date and time. Correspondence should be mailed to the Office of Risk Management, P. O. Box 94095,

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Capitol Station, Baton Rouge, LA 70804-9095.

- 5.2** All questions **must** be received by ORM at least fifteen (15) calendar days prior to the bid opening date. All answers will be mailed to the vendors at least ten (10) calendar days prior to the bid opening date.

6. Instructions for Submission of Bid(s) by Bidders/Contractors

- 6.1** A proposal submitted **must** be manually signed in ink by the designated authorized representative of the insurance agency and the insurance company. ORM will accept either the original insurance company designated authorized representative's signature submitted with the bid response or a facsimile copy of the insurance company designated authorized representative's signature on EXHIBIT II in lieu of an original signature. The original of EXHIBIT II containing the insurance company designated authorized representative's original signature **must** be received at ORM's office within ten (10) working days after the bid opening date. Failure to timely submit said original of EXHIBIT II may result in rejection of the bid. Submission of a bid bond in compliance with PART IV, Item 3 of these specifications does not eliminate the requirement of a company and an agency signature; however, the submission of a bid bond allows any authorized person from the company and the agency to sign the invitation in lieu of the designated authorized person.

- 6.1.1** The designated authorized representative of the insurance agency **shall** manually sign in ink the following:

6.1.1.1 Form ORM-02

6.1.1.2 Any amendments to the specifications

- 6.1.2** The designated authorized representative of the insurance company **shall** manually sign in ink the following:

6.1.2.1 EXHIBIT II

- 6.2** All attachments **shall** be returned as follows:

- 6.2.1** **Must** contain all information required by the IFB.

- 6.2.2** The bid **shall** be priced as required in the IFB.

- 6.2.3** **Must** be sealed in an envelope or box with security deposit attached, if required.

- 6.2.4** **Must** be delivered to the Office of Risk Management - Administrative Section and officially clocked in no later than the exact time on the date as specified in the IFB.

- 6.2.5** Entire IFB and Amendment (if applicable) shall be returned except as otherwise provided in these specifications.

- 6.3** THE SEALED ENVELOPE OR BOX CONTAINING AN IFB SHALL BE CLEARLY MARKED ON THE OUTSIDE BOTTOM LEFT CORNER WITH THE FOLLOWING:

6.3.1. THE OFFICIAL IFB PROPOSAL NUMBER.

6.3.2. THE OFFICIAL CLOSE DATE AND TIME.

- 6.4** Please submit your bid with pages numbered in the bottom right-hand corner of each page in the following manner: 1 of 4, 2 of 4, etc.

7. Proposal Opening

- 7.1** Shortly after the expiration of the official bid close date and time, bids will be opened. The

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bidders/contractors and the public are invited, but not required to attend the formal opening of bids. Prices will be read aloud to the public. However, no decisions related to an award of a contract **shall** be made at the opening.

- 7.2 Due to manpower limitation, buyers shall not repeat prices after an opening via telephone request. Please do not make such requests. However, upon written request a photocopy of the Summary of Quotations shall be mailed to interested bidders/contractors.**

8. Late Proposals

- 8.1** Any bid received by the DOA, Office of Risk Management after the exact bid closing date and time **shall** not be opened and **shall** not be evaluated regardless of the reason and mitigating circumstances related to its lateness or degree of lateness.

- 8.2** It is the bidder's/contractor's sole responsibility to insure that the proposal is physically received and officially clocked in as a sealed document by the DOA-Office of Risk Management in its offices no later than the official close date and time. Late bids **shall** be returned to bidders/contractors unopened.

9. Rejection of Bids

An invitation for bids, a request for proposals, or other solicitation may be canceled or all bids or proposals may be rejected, if it is determined in writing by the chief procurement officer or his designee that such action is taken in the best interest of the State.

10. Public Notice of Awards

- 10.1** ORM has no facilities for furnishing abstracts of bids; a complete record of all bids is on file in this office subject to inspection of any citizen who is interested in investigating, for any purpose, the record of State purchases.

- 10.2** Bidders are permitted to review competitors' bids and evaluate documents in accordance with the provisions of the Public Record Act, Louisiana R.S. 44:1 et. seq. Such review **must** be conducted on site in ORM in accordance with the public records statutes.

11. Non-Award of Contract Due to Insufficient Funds

ORM reserves the right to reject the bid for insurance coverage if the insured(s) does/do not have sufficient funds available with which to pay the premium.

12. Contract Resulting From an IFB

- 12.1** The bidder/contractor is advised that the State of Louisiana does not sign standard contract forms. The IFB document issued by ORM contains signature lines for the designated authorized representative of the insurance agency and of the insurance company which shall be signed when submitted as a bid. Immediately below the bidder's/contractor's signature line is a section entitled "Notice of Award" which contains signature lines for officials of the State of Louisiana. To consummate a contract, officials of the State of Louisiana need only to sign the Notice of Award section of the form.

- 12.2** Be aware that the actual contract between the State of Louisiana and the bidder/contractor shall consist of the following documents: (1) IFB and any amendments issued thereto, (2) the proposal submitted by the bidder/contractor in response to the IFB, (3) the actual policy issued. In the event of a conflict in language between items 1, 2, and 3 referenced above, the provisions and requirements set forth and/or referenced in the IFB shall govern. ORM reserves the right to clarify any contractual relationship in writing and such written clarification shall govern in case of conflict with the applicable requirements stated in the IFB and the bidder's/contractor's proposal. In all other matters not affected by the written clarification, if any, the IFB shall govern. The refusal of the bidder/contractor to conform to the provisions and requirements set forth and/or referenced in the IFB shall result in the

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award of the contract to the new lowest bidder/contractor. The bidder/contractor is cautioned that its proposal shall be subject to acceptance by ORM without further clarification. In the event of any discrepancies between the insurance requirements delineated in these bid specifications and the model policy provided herein, the bid specifications shall govern.

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PART II

TECHNICAL SPECIFICATIONS

1. General Specifications

1.1 The bidder/contractor **shall** provide Excess Commercial General Liability (including Excess Boiler and Machinery Liability); Excess Automobile Bodily Injury/Property Damage Liability; Excess Road and Bridge Hazard Liability; and Excess Personal Injury and Advertising Liability Coverages for State of Louisiana, All State Departments, Agencies, Boards, Commissions, and any other State entity which may be created in the future by Statutory Laws.

1.1.1 The bidder/contractor **shall** agree that underwriting information provided in the schedule is believed to be correct and it **shall** not be considered in any way a warranty by ORM and **shall** not impair the rates for the insurance coverage based upon the information provided.

1.1.2 Bids submitted by admitted companies (including reinsurance carriers which desire to submit bids for any coverage layer requested or excess of any coverage layer requested) licensed to do business in the State of Louisiana possessing a **Best's Insurance Reports policyholder's current rating of "A + +", "A +", "A" or "A-", with a financial rating of Class VIII or higher** will be considered first. Surplus line companies or non-admitted companies possessing a **Best's Insurance Reports policyholder's current rating of "A + +", "A +", "A" or "A-", with a financial rating of Class VIII or higher** will be considered and accepted only if acceptable bids are not tendered by an admitted company. The bidding company **shall** meet the qualifications mentioned above without regard to any cut-through endorsements to a higher company. Direct quotations from companies (including reinsurance carriers) **shall** be considered an alternate bid. Mutual companies which write assessable insurance policies are not acceptable and will not be considered for award of the bid.

1.2 The contract and policy term **shall** be for the period of time as reflected under EXHIBIT I.

1.3 Invoices for policies delivered and accepted **shall** be submitted (in duplicate) by the bidder/contractor on its own form directly to ORM, Division of Administration.

1.4 Bidder/Contractor **shall** be required to furnish closure claims settlement notices to ORM, Division of Administration, on all settlements of claims.

Bidder/Contractor **shall** be required to furnish a quarterly report reflecting claims (cumulatively for policy year, not just activity for the quarter) opened and closed and claims reserved and paid per agency by policy year, including all allocated loss adjustment expenses until all claims are closed. Information to be reflected on the quarterly report for each individual claim **shall** include, but not be limited to, the following:

1.4.1 Dates of loss;

1.4.2 Status of claim (open, closed, reopened)

1.4.3 Brief description of loss;

1.4.4 State agency name;

1.4.5 Amount of claim as indicated below (by coverage code, if applicable)

1.4.5.1 Total incurred;

1.4.5.2 Amount paid;

1.4.5.3 Amount reserved;

1.4.5.4 Amount recovered;

1.4.5.5 Amount of loss adjustment expenses; and

1.4.5.6 Net incurred.

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- 1.5 All books and records of transactions under this contract **shall** be maintained by the bidder/contractor for a period of five (5) years from the date of the final payment under the contract.
- 1.6 ORM will execute any "A" rate form or the Louisiana Certification of Exempt Commercial form as necessary to enable the underwriter to comply with any premium charge quoted and preclude any violation of rating bureau requirements (if applicable). See Schedule E.
- 1.7 The contractor shall make special filings of policy forms with the Louisiana Department of Insurance as needed to comply with coverage requested in these specifications prior to the issuance of the policy.
- 1.8 At the request of ORM, the insurance policy issued to include coverages as reflected in PART IV, of these specifications will be revised by way of endorsements to the policy extending or deleting coverage as a result of any changes in units of exposure, if needed.
- 1.9 A bidder/contractor offering a direct sale of insurance to the State should have reduced the policy premium by the amount of the commission which would have been paid, as indicated by Louisiana R.S. 39:1631.
- 1.10 "It **shall** be unlawful for an agent (bidder/contractor) to split, pass on or share with any person, group, organization or other agent, except the State of Louisiana, all or any portion of the commission derived from the sale of insurance to the State..." Louisiana R.S. 39:1632.
- 1.11 ORM requires a total premium amount to be shown on Exhibit I and this amount will be used in determining the award of the bid. However, ORM requires that a breakdown of premium be given by bidder/contractor immediately following the award of the bid. The breakdown **shall** include premium for the following: Excess Commercial General Liability, Excess Automobile Bodily Injury/Property Damage, Excess Road and Bridge Hazard Liability, and Excess Personal Injury and Advertising Liability.

2. General Required Endorsements

The "policy of insurance" as used in this section **shall** mean policy(ies) issued by the successful bidder/contractor.

- 2.1 The cancellation provisions of the policy of insurance **shall** be replaced with the following:
"It is agreed that the guidelines set forth in this policy as regards cancellation of coverage are set aside and shall be inoperative to the extent that they are in conflict with the following verbiage:

The insured may cancel the policy by returning it to the company or by giving the company advance notice of the date cancellation is to take effect. The company may cancel or non-renew the policy by mailing to the insured by "Certified Mail, Return Receipt Requested" (at the insured's last known address by the company) written notice of cancellation at least:

Thirty (30) days before the effective date of cancellation if cancellation is due to nonpayment of premium; or

One hundred-twenty (120) days notice if cancellation or non-renewal is due to any other reason.

The company may deliver any notice instead of mailing it. A signed return receipt will be sufficient proof of notice. The effective date of cancellation stated in the notice shall become the end of the policy period."

- 2.2 The policy of insurance **shall** include this endorsement: **"The inclusion of more than one Named Insured in the policy shall not affect the rights of any Named Insured as respects any claim or suit by any other Named Insured or by an employee or such other insured."**

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2.3 The policy of insurance **shall** include this endorsement unless a "Separation of Insureds" clause is part of the policy: **"The policy shall insure each Named Insured in the same manner as though a separate policy had been issued to each, but nothing contained herein shall operate to increase the company's liability as set forth elsewhere in this policy beyond the amount or amounts for which the company would have been liable if only one insured had been named, without the prior written approval of the Named Insured."**

2.4 The policy of insurance **shall** include this endorsement: **"The policy shall furnish automatic coverage on newly acquired, leased, or rented property (property as to which insured acquires ownership or control) without regard to any thirty (30) day automatic limitation in the policy."**

2.5 The policy of insurance **shall** include this endorsement: **"For the insurance afforded herein, the State Risk Director for the Office of Risk Management/Division of Administration, State of Louisiana is authorized to act for all insureds respecting the giving and receiving of notice of cancellation, non-renewal or material change, receiving any return premium or dividend, and changing any provisions of this coverage. Such notice or changes shall be mailed in care of the Office of Risk Management, Division of Administration, Post Office Box 94095, Capitol Station, Baton Rouge, LA 70804-9095."**

2.6 The policy of insurance **shall** include this endorsement: **"For the insurance afforded herein, each State agency shall be considered a separate risk and policy conditions excluding the right of one insured to present a claim against another insured shall not be invoked between such State Agencies."**

3. Delivery Dates and Location

3.1 The policy of insurance **shall** be received by ORM within forty-five (45) days from the inception date of the policy and **shall** not be delivered to any other State agency.

3.2 Coverage binder **shall** be received by ORM within five (5) days of the date award is made.

3.3 **Bidder/Contractor shall issue endorsement(s) to any additional insured(s) as requested by the Named Insured.**

3.4 This is a request for a guaranteed cost for a one (1) year policy in effect from July 1, 2002 to July 1, 2003 with two (2) one-year options to renew at the same rates.

4. Claims Service

4.1 The bidder/contractor **shall** provide claims service for Excess Commercial General Liability (including Excess Boiler and Machinery Liability); Excess Automobile Bodily Injury/Property Damage Liability; Excess Road and Bridge Hazard Liability; and Excess Personal Injury and Advertising Liability Coverages.

4.2 The claims service **shall** be responsible for the handling of our claims to their conclusion in a professional manner. Should the contract be terminated the bidder/contractor **shall** remain responsible for occurrences that take place during the policy period.

4.3 ORM **shall** notify the agent of record of all claims falling into the following categories:

- 1.** Quadriplegic
- 2.** Paraplegic
- 3.** Brain Damage
- 4.** Serious Burn Cases
- 5.** Any other cases which ORM deems appropriate
- 6.** Any claims where ORM reserves exceed \$1,000,000

Reporting will be made by ORM to the agent-of-record only and the agent-of-record will be responsible for complying with insurance company reporting requirements.

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PART III

GENERAL CONTRACTUAL REQUIREMENTS

1. Bidder/Contractor **shall** be bound by the provisions of Louisiana R.S. 39:1551, et. seq., (The Louisiana Procurement Code).
2. Unless otherwise provided by law, a contract for services may be entered into for periods of not more than three years. No contract **shall** be entered into for more than one year unless the length of the contract was clearly indicated in these specifications. At the option of the State of Louisiana and upon acceptance by the bidder/contractor, any contract awarded for one year may only be extended for two additional twelve-month periods -- not to exceed a total contract period of thirty-six months.
3. **Appropriation Dependency Clause**
 - 3.1 The continuation of this agreement is contingent upon the appropriation of funds, to fulfill the requirements of the agreement, by the legislature. If the legislature fails to appropriate sufficient monies to provide the continuation of this agreement, or if a lawful gubernatorial order issued in or for any given fiscal year during the term of this agreement, reducing the funds appropriated in such amounts as to preclude making the payments set out herein, the agreement **shall** terminate on the date said funds are no longer available without any liability incurring onto the State other than to make payment for services rendered prior to the termination date.
 - 3.2 However, the State **shall** be under a duty to make such determination only in good faith, and not arbitrarily and without justification, to cancel this agreement for the sole purpose of acquiring from another vendor other products of comparable quality and value, and the State agrees that it will use its best efforts to obtain approval of necessary funds to fulfill the obligations of this agreement by taking the appropriate action to request adequate funds to continue this agreement.
4. Endorsements extending and/or deleting coverage which are issued to the policy of insurance **must** reflect any increases or decreases in the amount of the bidder's/contractor's compensation (premium) and **shall** serve to modify or amend the premium as reflected on EXHIBIT I of these bid specifications. No other method, and/or no other document, including correspondence, acts and oral communications by or from any person, **shall** be construed as a modification or supplementation of the contract except as herein delineated as regards amendments and endorsements.
5. In the event the company or companies originally contracted with by ORM fail(s) to perform, ORM **shall** allow substitution for such company or companies if the parties sought to be substituted meet other criteria established by these specifications. In the event substitution of company or companies occurs, company signature pages signed by the replacement company or companies **must** also be submitted to ORM.

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PART IV

GENERAL BID INFORMATION

1. Special Instructions to Bidder

- 1.1** The bidder/contractor **must** respond to this IFB by submitting all data required herein in order for this bid to be evaluated and considered for award. Failure to submit such data **shall** be deemed sufficient cause for disqualification of a bid from further consideration of award.
- 1.2** The bidder/contractor **shall** provide Excess Commercial General Liability (including Excess Boiler and Machinery Liability); Excess Automobile Bodily Injury/Property Damage Liability; Excess Road and Bridge Hazard Liability; and Excess Personal Injury and Advertising Liability coverages which **must** equal or exceed the coverage provided in the underlying policies reflected in Schedule C of these specifications.
- 1.3** Any change or restriction in conditions, warranties, or exclusions from the underlying policies or from these specifications **must** be completely explained in writing and attached to the bid. Any such deviations which provide less coverage than that required in the underlying policies and these bid specifications **shall** be considered an alternate quotation. Any such change or restriction **shall** be indicated on EXHIBIT IV of these specifications. **Submission of sample policy(ies) shall not be considered to be in compliance with the above stipulations.**
- 1.4** ORM reserves the right to reject any or all bids.
- 1.5** Bidder/Contractor is bound by all of the terms, prices and conditions of its bid for a term of sixty (60) days after bid opening. No bid may be withdrawn prior to the expiration of that sixty (60) day period.
- 1.6** Bids will be awarded by competitive sealed bidding, pursuant to R.S. 39:1594. Only dollar values stated in EXHIBIT I will be considered for award of the bid. The DOA/ORM reserves the right to award the bid for the option which provides the highest limit of coverage at the lowest premium within the individual budget agency(ies) allocated funding, if applicable.
- 1.7** A contract or order resulting from this invitation **shall** be awarded in response to a bid providing the lowest responsible and responsive bid to the State of Louisiana.
- 1.8** Any award of the contract resulting from this invitation **shall** be made by written notification from ORM.
- 1.9** **As respects this bid, company name and signature of designated authorized representative of the insurance company shall be indicated on EXHIBIT II of these specifications. Submission of a bid bond in compliance with PART IV, Item 3 of these specifications does not eliminate the need for a company signature; however, the submission of a bid bond allows any authorized person from the company to sign the invitation in lieu of the designated authorized person.**

2. Pricing Information

- 2.1** The bidder/contractor **shall** provide fixed rates for services as required by the Technical Specifications. These costs **shall** be shown on EXHIBIT I, which **must** be returned with the proposal along with the entire IFB document.
- 2.2** The bidder/contractor **must** provide other information as required in EXHIBIT I.

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	*	PART IV	*		*	
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2.3 The bidder's/contractor's quotation **shall** be based on the following:

2.3.1 ***Guaranteed Cost Plan*** - Any Proposal submitted by the bidder/contractor **must** be submitted on the form herein provided with the blank spaces filled in showing the annual premium based on the coverages reflected in PART IV of these specifications.

2.4 Percentage of commission return **shall** reflect that percentage of the total premium which will be returned to the State by the successful bidder/contractor, if applicable, and as allowed in Louisiana R.S. 39:1631 and Louisiana R.S. 39:1632.

2.5 Annual/Anniversary premium **shall** be on a flat rate basis with no adjustments being made in a policy year for an increase or decrease in exposure units. The premium **shall** remain fixed for the policy period without regard to whether exposure units are increased/decreased.

3. Bidder Information

3.1 As regards the insurance company and an incorporated insurance agency, the bidder/contractor shall attach either one of the following (Items 3.1.1 or 3.1.2) to the proposal:

3.1.1 Board resolution or power of attorney (with seal):

3.1.1.1 giving the designated authorized representative of the insurance agency authority to tender a premium quotation on behalf of the insurance agency.

3.1.1.2 giving the designated authorized representative of the insurance company authority to tender a premium quotation on behalf of the insurance company.

3.1.1.3 giving the designated authorized representative of the insurance agency authority to tender a premium quotation on behalf of the insurance company.

3.1.2 Bid bond in an amount equal to at least 10% of the Net Annual Installment Premium reflected on EXHIBIT I of these specifications or \$100,000, whichever is more. Bid bonds for 10% of Net Annual Premium can be rounded to the nearest dollar.

3.2 As regards an unincorporated insurance agency (sole proprietor agency), the bidder/contractor shall attach either one of the following Items (3.2.1 or 3.2.2) to the proposal.

3.2.1 Notarized affidavit, board resolution or power of attorney (with seal):

3.2.1.1 giving documentation from the Louisiana Insurance Department reflecting proof of ownership of the agency.

3.2.1.2 giving the designated authorized representative of the insurance company authority to tender a premium quotation on behalf of the insurance company.

3.2.1.3 giving the designated authorized representative of the insurance agency authority to tender a premium quotation on behalf of the insurance company.

3.2.2 Bid bond in an amount equal to at least 10% of the Net Annual Installment Premium reflected on EXHIBIT I of these specifications or \$100,000, whichever is more. Bid bonds for 10% of Net Annual Premium can be rounded to the nearest dollar.

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3.3 The bidder/contractor **must** submit with its response to this IFB, a certificate of insurance showing proof of errors and omissions coverage on the agent and/or broker with limits of liability of at least \$1,000,000. This errors and omissions coverage must be maintained throughout the period of this contract.

3.4 The bidder/contractor **must** submit a narrative description of the claim service it proposes to provide. The narrative should include, but not necessarily be limited to, a description of the claim handling procedures (routine processing) commencing with the date of loss, reaction time on claims and length of time before a claims payment will be made. The bidder/contractor **shall** be held contractually responsible for information provided in EXHIBIT III.

4. Insurance Required

4.1 The contractor shall provide Excess Commercial General Liability (including Excess Boiler and Machinery Liability); Excess Automobile Bodily Injury/Property Damage Liability; Excess Road and Bridge Hazard Liability; and Excess Personal Injury and Advertising Liability coverages subject to the following:

4.1.1 ORM requires that the policy of insurance **shall** provide coverage equal to or exceeding the coverage provided in policy forms reflected in Schedule C of these specifications except where indicated in 4.1.4 below. The policy of insurance **shall** also include the General Required Endorsements reflected in PART II of these specifications.

4.1.2 Named Insureds - See Current Account Design in Schedule A.

4.1.3 LIMITS OF LIABILITY

- \$45,000,000 Excess over \$5,000,000 underlying coverage(s) for Commercial General Liability (including Excess Boiler and Machinery Liability)
- \$45,000,000 Excess over \$5,000,000 underlying coverage(s) for Automobile Bodily Injury/Property Damage Liability
- \$45,000,000 Excess over \$5,000,000 underlying coverage(s) for Road and Bridge Hazard Liability
- \$45,000,000 Excess over \$5,000,000 underlying coverage(s) for Personal Injury and Advertising Liability

AGGREGATES - NONE

All coverages as requested in this IFB solicitation **shall** follow form up to and including \$50,000,000, except where indicated in 4.1.4 below..

4.1.4 THE FOLLOWING ARE THE ONLY EXCEPTIONS REGARDING THIS EXCESS COVERAGE:

- Law enforcement language found in the Personal Injury and Advertising Liability policy (Schedule C) can be replaced with the Law Enforcement Endorsement form found in Schedule D in the excess coverage. A sub-limit of at least \$25,000,000 excess over the \$5,000,000 self-insurance layer will be accepted.
- The excess coverage must be of the modified pollution exclusion found in the Commercial General Liability, Road and Bridge Hazard, and Personal Injury and Advertising Liability policies in Schedule C up to at least \$25,000,000 excess over the \$5,000,000 self-insurance layer. An absolute pollution exclusion will be accepted in the remaining layer(s).

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	*	<i>PART IV</i>	*		*	
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- The excess coverage must be of the Public Officials and Employees coverage found in the Commercial General Liability, Road and Bridge Hazard, and Personal Injury and Advertising Liability policies in Schedule C up to at least \$25,000,000 excess over the \$5,000,000 self-insurance layer. A Public Officials and Employees coverage exclusion will be accepted in the remaining layer(s).
- The excess coverage must be of the Professional Liability coverage found in the Commercial General Liability, Road and Bridge Hazard, and Personal Injury and Advertising Liability policies in Schedule C up to at least \$25,000,000 excess over the \$5,000,000 self-insurance layer. A Professional Liability exclusion will be accepted in the remaining layer(s).
- Under the Self-Insurance Commercial General Liability policy, Fire Legal Liability is insured. Coverage for Fire Legal Liability in the Excess Commercial General Liability is not requested.

4.1.5 This excess coverage is subject to the limit(s) of insurance specified and the company agrees to pay those sums that the insured becomes legally obligated to pay in damages which are in excess of the limits of insurance afforded by the underlying ORM self-insurance policies and the underlying commercial policies. No retention or drop-down limit applies.

4.1.6 **Underlying Coverages -** The following chart shows underlying coverages and current premium cost over which this IFB is requesting coverage up to \$100,000,000.

Coverage Form	Underlying Coverage	Coverage Limit	Premium for Underlying Coverage
Occurrence	Commercial General Liability	\$5 M	\$ 15,899,699
Occurrence	Automobile Liability	\$5 M	\$ 5,184,847
Occurrence	Road & Bridge Hazard Liability	\$5 M	\$ 36,470,922
Occurrence	Personal Injury & Advertising Liability	\$5 M	\$ 8,295,883

4.1.7 The following Louisiana Revised Statute provides limitations which should be noted.

LA R.S. 9:2800 B (effective July 12, 1985) - "Except as provided for in Subsection A of this Section, no person shall have a cause of action based solely upon liability imposed under Civil Code Article 2317 against a public entity for damages caused by the condition of things within its care and custody unless the public entity has actual or constructive notice of the particular vice or defect which caused the damage prior to the occurrence, and the public entity has had a reasonable opportunity to remedy the defect and has failed to do so." A complete copy of this statute can be found at the Internet address http://www.legis.state.la.us/tsrs/RS/9/RS_9_2800.htm.

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The 1988 Regular Session of Louisiana Legislation made ORM responsible for Road and Bridge Hazard losses, whereas prior to this time these cases were handled strictly by the Dept. of Transportation and Development (DOTD). DOTD had their own Risk Management department which investigated occurrences, but did not have the funds or authority to settle any cases other than small claims. DOTD did assign some cases to outside defense attorneys, but the funds awarded in judgments had to be appropriated by the Legislature. Because of the time lag between the actual awarding of a judgment and the time when the funds could be appropriated by the Legislature, interest payments inflated these final awards. In some cases, defense for the State was not even provided. Now that ORM is handling these Road and Bridge claims, we have the authority not only to investigate but to settle the claim immediately, whereas the only recourse prior to this time was for the third party to initiate a lawsuit against the State. ORM is also responsible for settling all outstanding claims for which final judgment had been made by the courts. When justifiable, ORM uses structured settlements to reduce losses.

4.1.8 UNDERLYING INSURANCE POLICIES

- (a) Commercial General Liability
Louisiana Self Insurance Fund
Policy No.: CGL20022003
Effective: July 01, 2002 to July 01, 2003
Limits: \$5,000,000 Per Occurrence, No Aggregate
- (b) Automobile Bodily Injury/Property Damage Liability
Louisiana Self Insurance Fund
Policy No.: AL20022003
Effective: July 01, 2002 to July 01, 2003
Limits: \$5,000,000 Per Occurrence, No Aggregate
- (c) Road and Bridge Hazards Policy
Louisiana Self Insurance Fund
Policy No.: RDH20022003
Effective: July 01, 2002 to July 01, 2003
Limits: \$5,000,000 Per Occurrence, No Aggregate
Dept. of Transportation and Development ONLY
- (d) Personal Injury and Advertising Liability
Louisiana Self Insurance Fund
Policy No.: PIA20022003
Effective: July 01, 2002 to July 01, 2003
Limits: \$5,000,000 per occurrence, No Aggregate

4.2 Estimates of:

- a) Annual State Payroll (FY 2000-2001)

Workers Compensation (Statutory)	<u>\$3,223,044,731</u>
Workers Compensation (Maritime)	<u>\$9,834,775</u>

Note: Statutory and Maritime Workers Compensation payroll breakdown by agency is available upon written request.
- b) Number of State Employees 110,499
- c) Number of Years in Business 130
- d) Annual State Receipts - Financial information, including the most current Appropriation Bill, Capital Outlay Budget, Comprehensive Annual Financial Report, and Schedule of General Revenues, can be found at the following Internet website:
<http://house.legis.state.la.us/legispublist/> (click "Subjects" to see the listing).

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>PART IV</i>	*		*	
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		<i>INFORMATION</i>				

4.3 The Garagekeepers Legal Liability exposure consists of various parking areas at hospitals, schools, offices, etc. Insured does not own or operate any paid facilities.

4.4 ORM will provide quarterly loss runs for incurred losses of \$1,000,000 or more for the coverages provided by this IFB containing as follows:

- a) All loss dates on or after July 01, 2002
- b) Claim number
- c) Amount paid plus outstanding reserves by claim
- d) Loss type:
 - 1. Commercial General Liability (including Boiler and Machinery Liability)
 - 2. Automobile Bodily Injury/Property Damage Liability
 - 3. Road and Bridge Liability
 - 4. Personal Injury and Advertising Liability
- e) Nature of injury
- f) Cause of claim (Coverage Code)

4.5 Unlike many self-insureds, ORM operates more like a group captive in that we issue some of the underlying policies and fund reserves through premium charges. Our claims personnel are veterans of major insurance companies and are supplemented by contract adjusters who are members of the National Association of Independent Adjusters.

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>EXHIBIT I</i>	*		*	
EXL-07	*	<i>BID QUOTATION FORM</i>	*	June 11, 2002	*	18 of 23

EXHIBIT I

BID QUOTATION FORM

The bidder/contractor proposes to furnish policy(ies) providing insurance for the premium stated below for the State of Louisiana - All State Departments, Agencies, Boards, and Commissions effective for the period of July 1, 2001 to July 1, 2002 with two (2) one-year options to renew at the same rates.

	One-Year Policy(ies) with Annual Premium in the Amount Indicated Below	
	<hr/>	
Total Annual Premium ¹ (including any policy tax, surplus tax, policy fees, etc.)	\$	<hr/>
Less Commission Return ² (Per Louisiana R.S. 39:1632)	-\$	<hr/> <hr/>
		()%
Net Annual Premium	\$	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> <hr/>

NOTE: ORM requires a total premium amount to be shown on this Exhibit, and this amount will be used in determining the awarding of the bid. However, ORM requires that a breakdown of premium be given by bidder/contractor immediately following the award of the bid. The breakdown **shall** include premium for the following: Excess Commercial General Liability, Excess Automobile Bodily Injury/Property Damage, Excess Road and Bridge Hazard Liability, and Excess Personal Injury and Advertising Liability.

¹In the event the percentages of policy tax, or surplus lines tax or other taxes increase due to changed legislation, the bidder(s)/contractor(s) **shall** absorb the increases as the State cannot pay more than the amounts quoted on the successful bid except in the instances of increased coverage.

²For explanation refer to PART II - Technical Specifications, Subsection 1, General Specifications, Paragraph 1.9 and PART IV - General Bid Information, Subsection 2, Pricing Information, Paragraph 2.4.
Bidder/Contractor must reflect percentage of total premium which will be returned to the State.

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>EXHIBIT II</i>	*		*	
EXL-07	*	<i>COMPANY SIGNATURE</i>	*	June 11, 2002	*	19 of 23
		<i>PAGE</i>				

EXHIBIT II

COMPANY SIGNATURE PAGE

INSURANCE COMPANY OR COMPANIES TO BE USED AND PERCENTAGE OR LAYER OF COVERAGE TO BE PROVIDED BY EACH: (If additional space is required supplemental pages that are identified should be attached for insurance company name and signature)

NOTE: See signature requirements per PART I, Item 6 and PART IV, Item 1.9.

Insurance Company Name: _____

Signature of Designated Authorized Representative of the Insurance Company:

Percentage or Layer of Coverage to be Provided:

NOTE: Bidder/Contractor Must Answer the Following Questions:

- | | YES | NO |
|--|--------------------------|--------------------------|
| 1) Is insurance company an assessable mutual company? ³ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) Is insurance company licensed to do business in Louisiana? ³ | <input type="checkbox"/> | <input type="checkbox"/> |

³See PART II, Item 1.1.2 of these specifications

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>EXHIBIT III</i>	*		*	
EXL-07	*	<i>CLAIMS HANDLING</i>	*	June 11, 2002	*	20 of 23
		<i>PROCESS NARRATIVE</i>				

EXHIBIT III

CLAIMS HANDLING PROCESS NARRATIVE

Bidders/Contractors **shall** respond to the following:

Provide a narrative description of the claims handling procedures (routine processing) to be used in servicing the account for Excess Commercial General Liability (including Excess Boiler and Machinery Liability); Excess Automobile Bodily Injury/Property Damage Liability; Excess Road and Bridge Hazard Liability; and Excess Personal Injury and Advertising Liability coverage. The description should include, but not be limited to, the routine processing of claims, the reaction time to a new loss, and the length of time before a claim's payment will be made. (If additional space is required, supplemental pages that are identified should be attached for the bidder's/contractor's complete response.)

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>EXHIBIT IV</i>	*		*	
EXL-07	*	<i>COVERAGE</i>	*	June 11, 2002	*	21 of 23
		<i>DEVIATIONS</i>				

EXHIBIT IV

COVERAGE DEVIATIONS

Bidder/Contractor shall indicate below any change or restriction in conditions, warranties, or exclusions from the Excess Commercial General Liability (including Excess Boiler and Machinery Liability); Excess Automobile Bodily Injury/Property Damage Liability; Excess Road and Bridge Hazard Liability; and Excess Personal Injury and Advertising Liability coverage and/or other services required by these specifications. Submission of sample policy and/or service narrative shall not be considered as compliance with above stipulations. Non-disclosure of changes/restrictions shall be interpreted to mean policy and/or other services to be provided will be in compliance with coverage and/or other services requested in these specifications.

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>EXHIBIT V</i>	*		*	
EXL-07	*	<i>BIDDER'S CHECK LIST</i>	*	June 11, 2002	*	22 of 23

EXHIBIT V
BIDDER'S CHECK LIST

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	1. Entire IFB returned (per page 5, item 6.2.5).
<input type="checkbox"/>	<input type="checkbox"/>	2. Page 19 (EXHIBIT II) signed by designated authorized representative of the insurance company (per page 5, item 6.1.2 and page 12, item 1.9).
<input type="checkbox"/>	<input type="checkbox"/>	3. Insurance Company Name has been indicated on Page 19 (EXHIBIT II) per page 12, item 1.9.
<input type="checkbox"/>	<input type="checkbox"/>	4. Form ORM-2 signed in ink by designated authorized representative of the insurance agency (per page 5, item 6.1.1).
<input type="checkbox"/>	<input type="checkbox"/>	5. Amendment(s) (if applicable) signed in ink by designated authorized representative of the insurance agency (per page 5, item 6.1.1).
<input type="checkbox"/>	<input type="checkbox"/>	6. Amendment(s) (if applicable) returned (per page 5, item 6.2.5 and page 4, item 4.2).
NOTE: ITEMS 7A, 7B, AND 7C; <u>OR</u> 8A, 8B, AND 8C; <u>OR</u> 9 IS REQUIRED.		
<input type="checkbox"/>	<input type="checkbox"/>	7A. Board resolution/power of attorney (per page 13, item 3.1.1.1) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	7B. Board resolution/power of attorney (per page 13, item 3.1.1.2) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	7C. Board resolution/power of attorney (per page 13, item 3.1.1.3) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	8A. Notarized affidavit, board resolution/power of attorney (per page 13, item 3.2.1.1) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	8B. Notarized affidavit, board resolution/power of attorney (per page 13, item 3.2.1.2) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	8C. Notarized affidavit, board resolution/power of attorney (per page 13, item 3.2.1.3) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	9. Bid Bond (per page 13, item 3.1.2 or page 13, item 3.2.2) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	10. Claims narrative submitted (per page 14, item 3.4 and page 20, EXHIBIT III).
<input type="checkbox"/>	<input type="checkbox"/>	11. Were any coverage deviations submitted on page 21, EXHIBIT IV (per page 12, item 1.3)?
<input type="checkbox"/>	<input type="checkbox"/>	12. Does insurance company have current Best Rating of "A + +", "A +", "A" or "A-", Class VIII or higher (per page 8, item 1.1.2)?
<input type="checkbox"/>	<input type="checkbox"/>	13. Errors and Omissions Certificate (per page 14, item 3.3) is attached.
<input type="checkbox"/>	<input type="checkbox"/>	14. Were premium quotations indicated on EXHIBIT I, page 18 (per page 12, items 2.1 and 2.2.)?
<input type="checkbox"/>	<input type="checkbox"/>	15. Was commission return percentage factor reflected on EXHIBIT I, page 18 (per page 13, item 2.4)?
<input type="checkbox"/>	<input type="checkbox"/>	16. Are responses to questions on EXHIBIT III, page 20 in compliance with requirements in Item 1.1.2 on page 8?
<input type="checkbox"/>	<input type="checkbox"/>	17. Page 23 (Exhibit VI) signed by the authorized representative of the insurance agency.

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>EXHIBIT VI</i>	*		*	
EXL-07	*	<i>NONRETURNABLE</i>	*	June 11, 2002	*	23 of 23
		<i>SECTION</i>				

EXHIBIT VI

NON-RETURNABLE SECTION

The following pages are made part of this bid specification package, but do not have to be returned with a quotation. It is the bidder/contractor's responsibility to ensure that all pages have been received and reviewed. This page **must** be returned as part of the bid quotation. If this page is not signed and returned, the submitted bid will be disqualified.

	<u>Pages</u>
Schedule A - Earned Premium and Loss History	1 - 33
Schedule B - Additional Underwriting Information	34 - 58
Schedule C - Policy Forms and Endorsements	59 - 242
Schedule D – Law Enforcement Endorsement	243 - 244
Schedule E – Louisiana Certification of Exempt Form	245

By signing this page, the bidder/contractor acknowledges that the above schedules have been received in full and reviewed.

Signature of Bidder/Contractor